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The President's Daily Brief

28 October 1972

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~~*Top Secret*~~

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THE PRESIDENT'S DAILY BRIEF

28 October 1972

PRINCIPAL DEVELOPMENTS

North Vietnam

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(Page 1)

Egypt appears determined to pursue a limited reconciliation with the USSR despite continuing domestic opposition to this policy. *(Page 2)*

Italy's agreement to provide support privileges to US submarines at La Maddalena is being challenged by the Communist Party. *(Page 3)*

In Uruguay, military pressure has led to the arrest of a leading politician after he publicly criticized growing armed forces' involvement in the country's political life. *(Page 4)*

Heavy dollar selling has resumed in Tokyo, threatening the yen-dollar exchange rate. *(Page 5)*

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NORTH VIETNAM

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EGYPT-USSR

Prime Minister Sidqi has told a joint meeting of legislators and party members that his discussions in Moscow earlier this month had "melted the ice in Egyptian-Soviet relations." He added that the "Soviet Union is fulfilling and will continue to fulfill all its pledges to consolidate our war potential." [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

This tough interrogation suggests that there is still considerable opposition to Sadat's effort to reach a reconciliation with Moscow. Nevertheless, we expect this effort to continue. The removal on Thursday of War Minister Sadiq may help smooth the way, since his relations with the Soviets were frequently strained.

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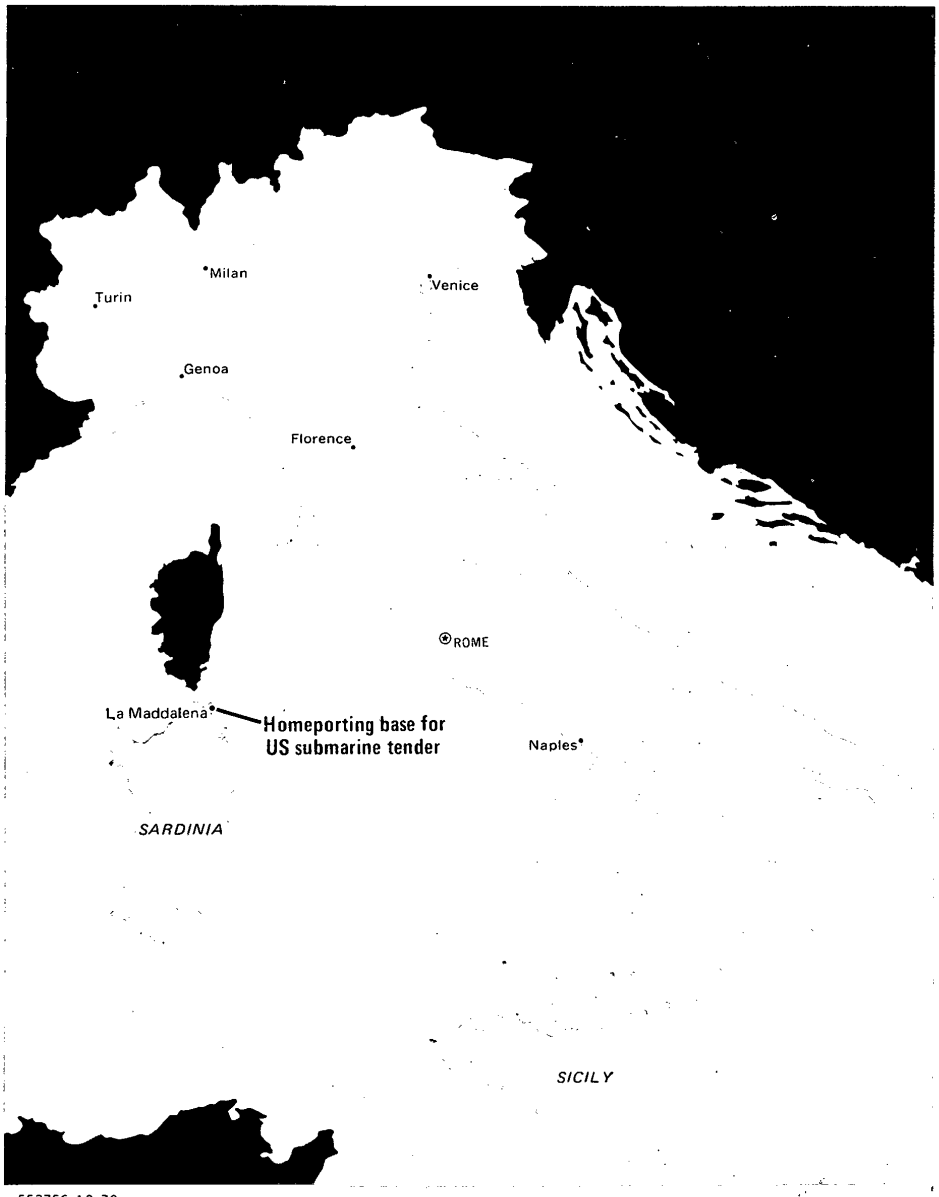

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ITALY

The government's agreement to provide support privileges to US submarines at La Maddalena is being challenged by the Communist Party.

> *Under the agreement, mooring facilities for a US submarine tender and housing for families of US naval personnel would be offered on Maddalena, an island off Sardinia.*
>
> *The government's majority in the Senate, where a vote is expected in early November, is both narrow and fragile. Although the neo-fascist Italian Social Movement may ensure government victory on this question, winning only through such support would alienate and might force the withdrawal of one or even two junior members of the coalition--the Social Democrats and the Republicans. The government could not survive the defection of either party.*

The Soviets have sharply criticized the Italian Government over the submarine support issue twice this month--once in Rome during preparations for Prime Minister Andreotti's visit to Moscow and again this week during the visit itself.

> *Much of this criticism has been carried in the Italian press, and we believe it is largely intended to encourage the Italian Communist Party in its effort to challenge the government on this issue.*

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URUGUAY

Military pressure led to the arrest yesterday of Senator Jorge Batlle, one of the country's leading politicians, after he had publicly criticized growing armed forces' involvement in Uruguayan political life.

This is the most serious development yet in a rapidly developing controversy over the military's role in Uruguay. [redacted] *Many politicians charge that military pressure to have the offenders brought to trial endangers Uruguay's traditional democratic system. A serious clash of wills is under way, but as yet we see no real danger of an outright military coup.*

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NOTE

Japan: Heavy dollar selling has resumed in Tokyo, exceeding $100 million in each of the last two days. The selling wave stems from the Tanaka government's failure to take strong enough measures to reduce Japan's huge trade surplus and from pessimism over Tokyo's ability to maintain the present yen-dollar exchange rate. If this trend gains momentum, it will severely undermine nearly any effort by Tokyo to hold off a revaluation until after the election of a new Diet in December.

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